



STATE OF HAWAII
DEPARTMENT OF LAND AND NATURAL RESOURCES
DIVISION OF BOATING AND OCEAN RECREATION
333 QUEEN STREET, SUITE 300
HONOLULU, HAWAII 96813

September 18, 2009

Aloha all harbor tenants,

I am writing to share information about our progress in improving our harbors and ocean recreation spaces through our Recreational Renaissance (RR). This letter contains a lot of important information, so please read it carefully. Please also use the Internet links we've provided to get more information, sign up for email bulletins, or send us comments. You can also stop by our harbor offices to talk with staff.

On August 14, 2009, the Board of Land and Natural Resources approved many of the components of the Department's RR Plan B that are authorized by law and can be accomplished with existing funding. With each component of the plan we put into place, we are laying a foundation for the RR that will sustain our harbors and ocean recreation assets for generations to come.

Although DLNR cannot initiate Capital Improvement Projects (CIP) without legislative approval, there is a great deal the department is empowered and obligated to do. As for the Division of Boating and Ocean Recreation (DOBOR), we can change the way we manage and operate our small boat harbors, piers and ocean recreation, and we can make access to boating and ocean recreation permits and licensing more user-friendly. These avenues of change are detailed in DLNR's RR Plan B. The intent of this letter is to share the progress we have made and provide some insight into this new course of action.

The following are the main components that we believe will begin the transformation of our harbors into active, vibrant ocean communities that will re-establish Hawaii as the boating crossroads of the Pacific.

REPAIR AND MAINTENANCE:

Only the legislature can authorize capital improvements to DLNR's harbor system. In reality, even if DLNR and DOBOR had the funding, we would still need legislative authorization to expend funds to replace failing piers, ramps and other infrastructure. It can sometimes take years for all conditions to be right and for all necessary approvals to be secured.

Because we cannot always wait years to repair infrastructure, DOBOR has had to be resourceful in performing repair and maintenance despite the lack of CIP funding. The division has conducted heavy repair in some of its facilities, building temporary piers that will last at least a few years while we seek legislative authorization and funding to perform repairs that will have a longer usable life of 20-30 years.

Projects benefitting from this resourceful approach include the new pier designed by DOBOR Engineers and installed by the DOBOR Maintenance Section at the Kaunakakai Launch Ramp on Molokai; and the two wooden piers recently replaced at Ala Wai Small Boat Harbor on Oahu.

DOBOR will continue to identify and address critical infrastructure repairs to put slips and moorings back in use and generate revenue to add to DOBOR's maintenance program.

DOBOR will also support repair and maintenance projects initiated or undertaken by community groups. The loading dock at Kikiaola Launch Ramp on Kauai failed early in 2009 and the community volunteered to assist DOBOR in repairing it in a joint effort. The State and the boating community have benefited from other projects similar in nature, including a project to resurface the parking lot at the Maalaea Small Boat Harbor on Maui.

ASSET MANAGEMENT:

DOBOR will adopt an asset management program to ensure that all facilities are receiving adequate, scheduled maintenance and to develop a facilities management budget to be used when the division seeks funding from the Legislature. A consultant is being sought to develop a pilot asset management program modeled after the National Parks Service's system.

An asset management program is a tool that will enable DLNR to manage its facilities more effectively. DLNR facilities to be included in the pilot system are Lahaina Small Boat Harbor, Maui; Diamond Head State Monument, Oahu; and the Alakai Boardwalk, Kauai.

This system will allow the Department to develop an inventory of the facility's land and ocean-based assets, which could include buildings, infrastructure, staffing and natural and cultural resources. It would also assess and monitor facility conditions and determine life cycle replacement costs, repair and maintenance schedules, and produce cost estimates for budgetary and projection purposes.

The consultant's tasks may include, but not be limited to, evaluating the Department's needs, recommending and tailoring a suitable software program that can be expanded in the future, providing training, and assisting in populating the system with data.

Funding for this work will be provided from various sources in the Department, which may include, but not be limited to, the State Parks Special Fund, funding from the Hawaii Tourism Authority, the Boating Special Fund, the Special Land and Development Fund, or CIP appropriations.

The Engineering division of DLNR will be overseeing the asset management system for all DLNR facilities as part of DLNR's effort to maximize efficiency across all of our recreational facilities

USER-FRIENDLY SERVICES:

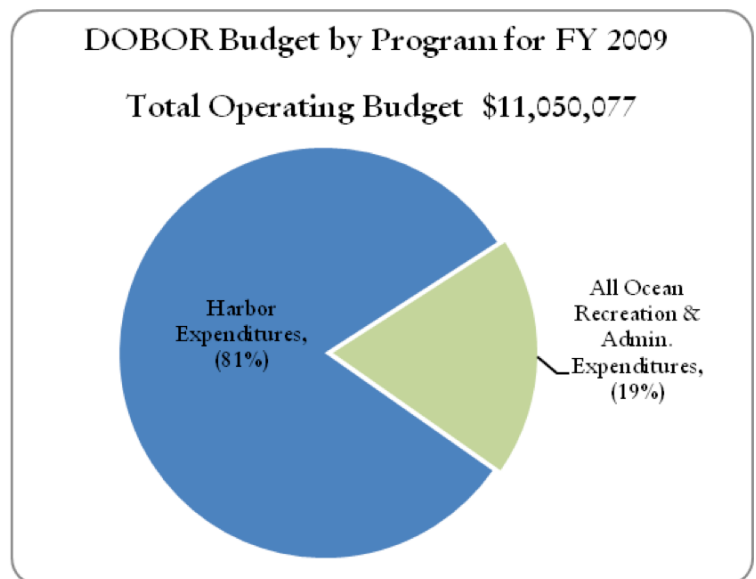
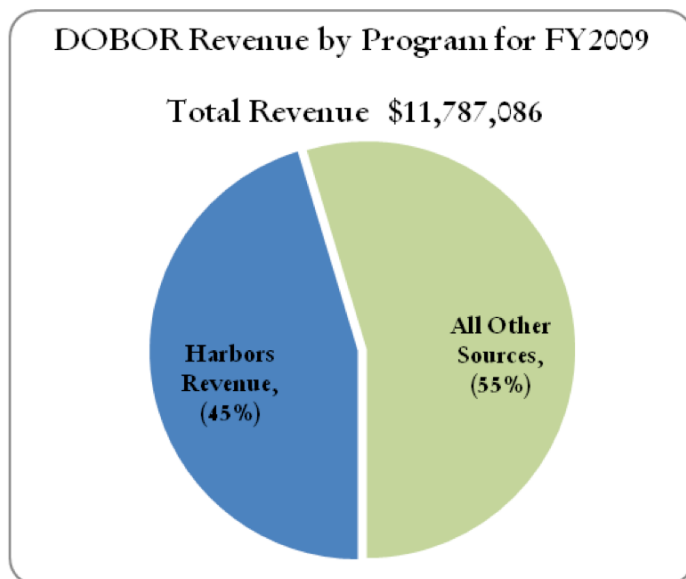
You may already know that DOBOR recently introduced an on-line system for vessel re-registration. Boaters that are already in the system may enjoy the convenience of re-registering

their vessels and paying certain fees via credit card from the comfort of their homes, 24 hours a day, seven days a week. We are currently working to place the mooring program online so that once a mooring permit is issued payments can be made on-line instead of being mailed or hand delivered to harbor offices. This will also help to make operations more efficient and provide staff with more time to concentrate on other duties, i.e. offering moorings to those on the wait list. Of course, boaters will still be able to visit our offices to handle detailed transactions and pay in person. The on-line services are designed to supplement all of DOBOR's services handled over the counter during regular business days.

MOORING AND OTHER FEES:

The Division of Boating and Ocean Recreation (DOBOR) has conducted a detailed analysis of the current mooring fee structure and found that the current mooring fee program does not support the cost of managing the small boat harbors. While the mooring fees comprise 49% of the total DOBOR revenue, the cost of maintaining the 20 small boat harbors with slip fees constitutes over 80% of DOBOR's expenditures.

Boating and Ocean Recreation's main programs are the ocean recreation program and the small boat harbor program. The division has fees established for the uses of each program; however, disparity in the revenue collected in each program and the amount of funds the division expends for each program is significant.



- Note:
1. Does not include any grant-in-aid pass-through funds.
 2. Represents actual net revenue in FY 2009, amount after 5% B & F assessment on special funds and OHA 20% assessment for income on ceded lands.
 3. "All Other Sources" indicates revenue from liquid fuel tax, leases on DOBOR lands, ocean recreation fees, cruise ship fees, parking fees, and U.S. Coast Guard Grant.

The Boating and Ocean Recreation Program is proposing to increase the mooring rate in each harbor by \$3.47/foot over a five (5) year period. The revenue gained will help to balance the expenditures providing the statewide small boat harbors program revenue to cover the majority of their operational costs. This will allow DLNR to utilize more funds to support increased ocean recreation and harbor repair and maintenance.

DOBOR plans to amend the existing mooring fees according to the guidelines set forth in the Hawaii Revised Statutes (HRS). HRS 200-10 states that the mooring fees are to be based on, but not limited to, “the use of the vessel, its effect on the harbor, use of facilities, and the cost of administering this mooring program.”

The Land Board authorized DOBOR to begin the administrative rulemaking process to establish mooring fees according to two categories, schedule A and schedule B. Schedule A is for existing slip holders. It will begin at the level of current mooring fees and will be increased annually in equal increments over a five-year period until it matches Schedule B, the targeted level for mooring fees. Schedule B will be the rate schedule for all new slip holders once the proposed rule change takes effect. The mooring fees for all boaters housed in a State small boat harbor will be increased by \$3.47 per foot statewide over a five-year period in order to break even on current operating expenses. This amendment is being applied statewide because of concerns expressed by boaters during public outreach meetings who felt that they were paying fees to support other harbors and facilities while their harbor slipped further into disrepair.

As a cost-saving measure, DOBOR will discontinue sending out monthly mooring permit renewal notices. The cost to send out these notices is over \$10,000 each year. In lieu of the renewal notices, a reminder will be printed on monthly billing invoices reminding tenants to renew their permits prior to the expiration date to avoid loss of their mooring privileges. The savings from this discontinued service will be used to keep our harbors, ramps and piers repaired and operational.

DOBOR also proposes to amend the temporary mooring fees as well as the vessel registration fees. The temporary mooring fees are being adjusted as follows: \$2.00 per foot per day for vessels temporarily moored within a harbor and \$1.00 per foot per day for vessels moored offshore. This will help to generate revenue that can be used to support the offshore mooring program as well as maintain the transient slips within the harbors. The vessel registration fees are being increased by \$5.00 to help to cover the costs of the new Internet-based web pages like DOBOR’s on-line vessel registration system and the proposed online mooring program available 24 hours a day, seven days a week, as well as the administrative costs associated with these services.

VESSEL INSURANCE:

The division will be implementing an insurance requirement as part of every regular DOBOR mooring permit agreement beginning December 1, 2009. After that date, each vessel moored in a DOBOR facility or off-shore mooring that is renewing or being issued a new, regular mooring permit will be required to carry a minimum of \$300,000 in boat liability insurance (protection and indemnity) that names the State of Hawaii, Division of Boating and Ocean Recreation as “additional insured.” Boaters will need to provide proof of insurance (i.e. a policy, policy declaration page or insurance card) at the time of renewal. The purpose of this change is to enable DOBOR to use boater fees deposited into the Boating Special Fund for general repair and maintenance of boating facilities, rather than to use them to salvage and dispose of abandoned boats.

Since 2002, DOBOR has spent nearly \$750,000 for the removal of grounded and sunken vessels around the State. This money could have been better spent on much-needed improvements to harbor facilities. This mandatory insurance will not only reduce DOBOR expenses associated with removing grounded and sunken vessels but will also provide funding for repair of harbor facilities damaged by vessels and their operators.

DOBOR staff met with insurance industry representatives from Carr's Insurance Agency, Progressive Insurance, Ocean Marine Insurance, and John Grosseto to research and gather information on the types of coverage and policies that are available for boat owners. We have also received insurance information from Island Financial Services, Ltd, another insurance carrier offering vessel insurance. We are happy to provide contact information for these insurance companies.

Ocean Marine Insurance	(808) 532-1000
Progressive Insurance	(800) 693-1667
Carr's Insurance Agency	(808) 836-2277
Servco	(808) 564-2562
Island Financial Services, Ltd.	(808) 536-9570

HAWAII ADMINISTRATIVE RULE AMENDMENTS:

The existing Hawaii Administrative Rules (HAR) pertaining to DOBOR are cumbersome and do not address the rapid changes we are witnessing in the ocean recreation industry. Our rules need to be streamlined to allow for more efficient and productive operation of the boating program.

DOBOR has proposed administrative rule amendments (referred to as Exhibit A on DOBOR's draft rule web page www.hawaii.gov/dlnr/dbor/bordraftrules.htm) that have been reviewed by the Office of the Attorney General and will be circulated in the marine/boating community for comment in the very near future. We are proposing to eliminate rules that are no longer applicable, clarify rules that are ambiguous, and expand some rules to address the changing technology of the ocean recreation industry.

Upon completion of the public input period and inclusion of any revisions in Exhibit A, DOBOR will proceed to public hearings and rule-making. The public is encouraged to attend upcoming outreach meetings and public hearings and provide comment on the proposed rule amendments. Announcements of upcoming meetings will be posted at State harbors and will be publicized in local newspapers. Any party interested in receiving announcements of upcoming meetings may register for e-mail notification at dlnr.harreview@hawaii.gov or contact Doug Smith, Boating Regulations Officer, at (808) 587-0142. The complete set of proposed rule amendments is posted on DOBOR's web site located at: www.hawaii.gov/dlnr/dbor/bordraftrules.htm. Comments on the proposed rule amendments can be sent to the email address listed above.

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FAST LAND DEVELOPMENT:

In order to increase DOBOR's revenue stream and fund future CIP and maintenance projects, DOBOR will be leasing select fast-lands within our small boat harbors and facilities for development. DOBOR has recently selected the developer for the haul-out and fuel dock at the Ala Wai Small Boat Harbor. We are in the process of seeking an invitation for bids for a long-term parking concession contract at the Ala Wai Small Boat Harbor as well. We are also working on a similar parking concession for the Kailua-Kona Pier, Hawaii. We are finalizing the bid for a lease at the Heeia Small Boat Harbor for the fuel dock and convenience store that should be ready for advertising in the next couple of months. We will continue this aggressive strategy throughout DOBOR facilities to make best use of the public lands we manage and benefit the boating community.

CONCLUSION

DOBOR's goal in implementing all of these changes is to foster an active marine industry, revitalize State managed small boat harbors and launch ramp facilities, improve safety in our facilities and on State waters, and develop new access to the ocean to address the needs of our growing population. A rebirth in Hawaii's ocean recreation community and the industry that supports it is long overdue. Your support of the Recreational Renaissance Plan would be greatly appreciated.

Sincerely,

Edward R. Underwood
Administrator